

## Message Text

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PAGE 01 TOKYO 10368 01 OF 02 080516Z  
ACTION OES-07

INFO OCT-01 EA-12 ISO-00 HEW-06 NSF-02 TRSE-00 OMB-01  
SIL-01 LAB-04 H-02 /036 W  
-----108599 080522Z /11  
R 080506Z JUN 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 8598

UNCLAS SECTION 01 OF 02 TOKYO 10368

FOR OES/ENP/EN, WILLIAM WALSH

DEPT PASS TO DHEW/OIH; DHEW/NIH/FIC; DHEW/HRA FOR BROIDA;  
DHEW/SSA; NSF

E.O. 11652: N/A  
TAGS: SWEL, TBIO, JA  
SUBJECT: PROPOSED REVISION OF JAPAN'S HEALTH INSURANCE  
SYSTEM

REF: TOKYO A-81

1. SUMMARY: MINISTRY OF HEALTH AND WELFARE SUBMITTED  
A PROPOSAL FOR "DRASTIC" REVISION OF JAPAN'S HEALTH  
INSURANCE SYSTEM TO THE DIET ON MAY 26, AFTER FAILING TO  
COME TO TERMS WITH THOSE OPPOSED TO THE PLAN. THE BILL,  
WHICH HAS THREE MAIN POINTS, HAS NO CHANCE OF PASSING  
DURING THE CURRENT EXTENDED SESSION OF THE DIET BUT JAPAN  
MEDICAL ASSOCIATION HAS BEGUN TO STEP UP ITS OPPOSITION  
CAMPAIGN. BEGINNING JULY 3, MEMBER PHYSICIANS WILL  
CONDUCT A ONE-WEEK PROTEST BY ISSUING PRESCRIPTIONS  
INSTEAD OF DISPENSING MEDICINE AS USUAL. A PROPOSAL THAT  
DOCTORS WORK ONE WEEK LIMITED TO 40 WORKING HOURS IS ALSO  
BEING CONSIDERED. DOCTORS ARE LOOKING AHEAD WITH  
TREPIDATION TO NEXT FALL, WHEN THEY WILL BE FACED WITH  
BOTH THE REVISION PLAN AND A MINISTRY OF FINANCE ATTEMPT  
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TO END THE UNPOPULAR TAX EXEMPTION THEY NOW ENJOY. END  
SUMMARY.

2. MHW SUBMITTED A PROPOSAL FOR "DRASTIC" REVISION OF THE  
HEALTH INSURANCE SYSTEM TO THE EXTENDED SESSION OF THE DIET  
ON MAY 26 AFTER FAILING TO NEGOTIATE A SATISFACTORY  
COMPROMISE WITH OPPONENTS OF THE MINISTRY PLAN. THE

MAJOR POINTS OF THE BILL ARE: (A) EQUALIZATION OF BENEFITS FOR INSURED AND DEPENDENTS WITH BOTH TO RECEIVE 100 PER CENT COVERAGE FOR TREATMENT (AS OPPOSED TO MEDICATION); (B) 50 PER CENT OF COST OF MEDICINES, WITH SOME EXCEPTIONS, TO BE PAID BY THE CONSUMER AT THE TIME OF PURCHASE WITH REIMBURSEMENT TO BE MADE FOR AMOUNT IN EXCESS OF YEN 20,000 PER MONTH PER INDIVIDUAL OR FAMILY; AND (C) THE PREMIUM RATE TO BE INCREASED AND CONTRIBUTIONS TO BE DEDUCTED FROM BONUSES.

3. THE BILL WILL NOT PASS DURING THE CURRENT EXTENDED SESSION WHICH ENDS ON JUNE 16 BUT MHW HAD ULTERIOR MOTIVES IN PRESENTING IT, AMONG THEM THAT POINT (C) ABOVE IS TO BE USED IN BARGAINING WITH MOF ON A LOAN TO COVER THE HEALTH INSURANCE SYSTEM'S CURRENT DEFICIT. MHW OFFICIALS TOLD EMBOFF THAT THE SAME BILL, OR ONE WITH COSMETIC CHANGES, WOULD BE PRESENTED TO AN EXTRAORDINARY SESSION OF THE DIET THAT THEY EXPECT IN THE FALL. AS WAS THE CASE OF THE LAST REVISION, THEY EXPECT A WATERED-DOWN VERSION TO BECOME LAW ONLY AFTER SEVERAL YEARS. MHW LOOKS ON THE EQUALIZATION OF BENEFITS AS A STEP TOWARD EVENTUAL CONSOLIDATION OF VARIOUS PLANS AND AS A SWEETENER WHICH MAKES THE BILL MORE POLITICALLY PALATABLE. POINT (B) IS THE CENTER OF THE PLAN. DOCTORS AND HOSPITALS CURRENTLY DISPENSE 95 PER CENT OF ALL DRUGS ISSUED IN JAPAN AND THE COST OF MEDICINE  
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ACCOUNTS FOR 38-40 PER CENT OF TOTAL MEDICAL COST. THE GOVERNMENT IS ATTEMPTING TO CUT DOWN ON OVERUSE WHICH STEMS FROM A REAL DESIRE ON THE PART OF PATIENTS TO TAKE MEDICINE AND FROM THE SYSTEM WHICH ALLOWS HIGH PROFITS ON DRUG SALES. MAKING THE CONSUMER RESPONSIBLE FOR PART OF THE COST AT THE TIME OF PURCHASE IS SEEN AS BEING ABSOLUTELY NECESSARY TO CONTAIN COSTS AND PREVENT ABUSES.

4. THE REVISION PLAN IS OPPOSED BY LABOR AND EMPLOYERS, WHO WOULD HAVE TO CONTRIBUTE MORE, AND BY DRUG COMPANIES AND THE JMA WHICH ARE STRONGLY OPPOSED TO POINT (B). OPPOSITION FROM LABOR AND EMPLOYERS IS CENTERED ON THE ADVISORY COUNCILS CONCERNED AND ON THE DIET. THE MOST VOCAL OPPOSITION IS FROM THE JMA, WHICH STANDS TO LOSE THE MOST AND HAS BEEN CONDUCTING A LARGE SCALE PUBLIC RELATIONS CAMPAIGN AS WELL AS USING OTHER FORMS OF POLITICAL PRESSURE AND OPPOSITION. JMA HAS RUN A SERIES OF FULL PAGE ADS (REPAIR) IN THE PRESS EXPRESSING OPPOSITION TO THE REVISION PROPOSAL AND EXPLAINING THE TYPE OF SYSTEM JMA WOULD LIKE TO SEE IN AN ATTEMPT TO MUSTER PUBLIC SUPPORT FOR ITS POSITION (OR AT LEAST CREATE MORE OPPOSITION TO THE REVISION PLAN). WITH THE

PRESENTATION OF THE BILL TO THE DIET, JMA HAS STEPPED UP ITS ACTIVITIES. IT WILL CONDUCT A WEEK-LONG "PRESCRIPTION" CAMPAIGN BEGINNING ON JULY 3 IN WHICH DOCTORS WILL ISSUE PRESCRIPTIONS INSTEAD OF DISPENSING MEDICINE AS USUAL. BECAUSE MOST MEDICINE IS DISPENSED BY DOCTORS, THE CAMPAIGN WILL CAUSE CONSIDERABLE CONFUSION. A PROPOSAL FOR DOCTORS TO WORK ONE WEEK LIMITED TO 40 WORKING HOURS,

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LAB-04 NSF-02 H-02 /036 W  
-----108619 080522Z /11

R 080506Z JUN 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 8599

UNCLAS SECTION 02 OF 02 TOKYO 10368

FOR OES/ENP/EN, WILLIAM WALSH

DEPT PASS TO DHEW/OIH; DHEW/NIH/FIC; DHEW/HRA FOR BROIDA;  
DHEW/SSA; NSF

SUPPOSEDLY TO SHOW THE PROBLEMS THAT WOULD BE CAUSED IF AN ILO RECOMMENDATION THAT NURSING PERSONNEL WORK 40-HOUR WEEKS WERE IMPLEMENTED, IS UNDER CONSIDERATION. THE JMA IS TRYING TO GET ITS POINT ACROSS NOW BECAUSE IN THE FALL IT WILL BE FACED NOT ONLY WITH THE REVISION PLAN, WHICH WILL BE RESUBMITTED, BUT WITH A MOF ATTEMPT TO CHANGE THE PORTION OF THE TAX LAW WHICH PERMITS DOCTORS TO DEDUCT 72 PER CENT INCOME DERIVED FROM THE HEALTH INSURANCE SYSTEM IN FILING TAX RETURNS. PRIME MINISTER FUKUDA PROMISED TO END THIS UNPOPULAR TAX BREAK BEFORE THE END OF 1978 AND JMA CONSIDERS ITSELF THREATENED BUT HAS DIFFICULTY OPPOSING TAX REFORM IN PUBLIC BECAUSE OF THE UNPOPULARITY OF THE PRESENT SYSTEM.  
MANSFIELD

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## Message Attributes

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**TAGS:** SWEL, TBIO, JA  
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**Type:** TE  
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